

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

HALLIBURTON ENERGY SERVICES, INC.,

Plaintiff,

v.

WEATHERFORD INTERNATIONAL, INC. and
BJ SERVICES COMPANY,

Defendants.

CIVIL ACTION NO. 02-CV-1347-N

Jury Demanded

**WEATHERFORD INTERNATIONAL, INC.'S SUR-REPLY
TO HALLIBURTON'S CONSOLIDATED REPLY BRIEF**

Stephen H. Cagle
Texas Bar No. 3591900
Peter E. Ormsby
Texas Bar No. 15307900
Eric S. Schlichter
Texas Bar No. 24007994
HOWREY SIMON ARNOLD & WHITE, LLP
750 Bering Drive
Houston, Texas 77057
Telephone: (713) 787-1400
Facsimile: (713) 787-1440

Local Counsel:

Elizabeth D. Whitaker
Texas Bar No. 22261500
2811 McKinney Ave., Suite 310
Dallas, Texas 75204
Telephone: (214) 754-9190
Facsimile: (214) 754-9140

ATTORNEYS FOR DEFENDANT
WEATHERFORD INTERNATIONAL, INC.

TABLE OF CONTENTS

I.	Halliburton Is Not Entitled To Preliminary Relief.....	1
A.	Halliburton Has Failed To Show A Substantial Likelihood Of Success.....	1
1.	It Is Undisputed That The Western Co. 2-3/8" Composite Bridge Plug Was Invented And Used Years Before Halliburton Filed Its Patent Applications.....	2
2.	The Prior Sales Of, Public Uses Of, And Printed Publications Concerning The Baker Fiberglass Packers Each Invalidate The Claims Of The Patents-In-Suit.....	4
a.	The Baker Fiberglass Packers Were Sold, Used, And Disclosed In A Printed Publication Long Before Halliburton Applied for Its Patents	5
b.	The Baker Fiberglass Packers Were Removed From the Wellbore in Precisely the Same Way Taught in the '468 Patent.....	7
c.	The Baker Fiberglass Packers Were Designed For "Sealing and Gripping Engagement With the Wellbore."	8
3.	Additional Prior Art Shows A Substantial Question Of Invalidity Exists.....	8
B.	Halliburton Has Not Shown That It Faces Imminent, Irreparable Harm.....	11
1.	Adequacy Of Monetary Relief.....	11
2.	Halliburton's Failure To Assert Its Patents For Over Four Years.....	12
3.	Halliburton's Delay And Improper Maneuvering.....	14
II.	Conclusion	15

TABLE OF AUTHORITIES

Cases

<i>Illinois Tool Works, Inc. v. Grip-Pak, Inc.</i> , 906 F.2d 679 (Fed. Cir. 1990)	11
<i>New England Braiding Co. v. A.W. Chesterton Co.</i> , 970 F.2d 878 (Fed. Cir. 1992)	1
<i>Nutrition 21 v. United States</i> , 930 F.2d 867 (Fed. Cir. 1991)	11
<i>Polymer Technologies, Inc. v. Bridwell</i> , 103 F.3d 970 (Fed. Cir. 1996)	13
<i>Purdue Pharma L.P. v. Boehringer Ingelheim GMBH</i> , 237 F.3d 1359 (Fed. Cir. 2001)	11

Statutes

35 U.S.C. § 102(a)	5, 10
35 U.S.C. § 102(b)	5, 10

FEDERAL CIRCUIT

Weatherford International, Inc. ("Weatherford") files this sur-reply to Halliburton's consolidated reply brief (the "Reply") and would respectfully show the following:

I. HALLIBURTON IS NOT ENTITLED TO PRELIMINARY RELIEF

Halliburton' Reply is replete with unsupported argument that fails to establish Halliburton's entitlement to the requested extraordinary relief. In fact, as the following paragraphs show, Halliburton's Reply only serves to confirm: (1) that Weatherford has raised a substantial question concerning the validity of the '468 patent and the '540 patent (collectively the "patents-in-suit"); and (2) that Halliburton has failed to show it faces irreparable harm.¹ Accordingly, Halliburton's requests for preliminary relief should be denied.

A. Halliburton Has Failed To Show A Substantial Likelihood Of Success.

The following discussion, as well as the evidence presented in Weatherford's opposition briefs, shows that Halliburton cannot meet its burden of proving a likelihood of success on the merits. As the non-movant, Weatherford must only raise a substantial question of invalidity or noninfringement to prevail at the preliminary injunction stage. *See New England Braiding Co. v. A.W. Chesterton Co.*, 970 F.2d 878, 883 (Fed. Cir. 1992). Weatherford has raised more than a "substantial question" regarding the validity of the '468 patent and the '540 patent, *especially in light of the time constraints of a preliminary injunction proceeding.*² *See id.* ("The district court cannot be held to have erred in deciding that the patentee failed to make a sufficient showing of

¹ Halliburton has also not met its burden of showing it is entitled to preliminary relief under the other factors set forth by the Federal Circuit. Halliburton's Reply offers no new arguments or evidence to suggest that the balance of the hardships or the public interest weigh in favor of granting the requested preliminary relief. To the contrary, Weatherford's opposition briefs show that the threat of irreparable harm to Halliburton (or lack thereof) is greatly outweighed by the harm that granting the preliminary relief will cause Weatherford and third parties and that the public interest would not be served by the granting of the requested preliminary relief. *See* Weatherford's Prelim. Inj. Opp. at 22-25; Weatherford's TRO Opp. at 19-20.

² As noted in its opposition briefs, Weatherford will also contest Halliburton's infringement allegations. However, given the constraints (both time and page limits) Weatherford faced when Halliburton moved for a TRO and preliminary injunction, Weatherford focused its efforts on revealing the invalidity of the patents-in-suit. Weatherford has in no way made any admissions concerning infringement or enforceability of the asserted patents. Further, despite Halliburton's contentions to the contrary, Weatherford has presented evidence showing that each of

likelihood of success required to support a preliminary injunction where the evidence presented in support of invalidity raises a substantial question, *although the defense may not be entirely fleshed out.*" (emphasis added)).

1. **It Is Undisputed That The Western Co. 2-3/8" Composite Bridge Plug Was Invented And Used Years Before Halliburton Filed Its Patent Applications.**

Mr. Harris's composite bridge plug raises more than a "substantial question" concerning the invalidity of Halliburton's patents. Halliburton does not deny that, *years* before it applied for the patents-in-suit, Monty Harris, a co-inventor of another prior art patent in the field that disclosed using non-metallic components (the '202 patent), designed, built, and used a 2-3/8" composite bridge plug.³ Halliburton does not seriously dispute that Monty Harris's 2-3/8" composite bridge plug contained each and every element⁴ claimed in the patents-in-suit and was reduced to practice years before Halliburton filed its applications that ultimately issued as the '468 patent and the '540 patent. Halliburton ignores the anticipatory nature of Mr. Harris's work and instead attempts to discredit it as prior art based on the sufficiency of its public use. Halliburton resorts to "cherry picking" selected portions of the statement of Monty Harris in an effort to show that Mr. Harris's prior use of the 2-3/8" composite bridge plug was not a "public use," but rather a "secret" design project. Halliburton's argument cannot withstand scrutiny and only serves to confirm one thing: Mr. Harris's undisputed use of the 2-3/8" composite bridge plug raises a substantial question concerning the invalidity of the patents-in-suit. *See* 35 U.S.C. § 102(b)

the asserted claims is anticipated by the prior art discussed in Weatherford's opposition briefs and herein, including claim 3 of the '540 patent. *See* Weatherford's Prelim. Inj. Opp. at 18.

3 Halliburton's argument that Mr. Harris's testimony should be rejected because it is not corroborated is unfounded. None of the Federal Circuit corroboration cases cited by Halliburton involve the "substantial question" standard that applies at the preliminary injunction stage. *See* Pl. Reply at 16.

4 Halliburton makes the unsupported assertion that Weatherford's asserted prior art does not have a "slip support." Pl. Reply at 17. This argument lacks merit. First, a discussion of whether the asserted prior art has the claimed "slip support" should be made after this Court has properly construed that disputed term. More importantly, *assuming* a construction of that term, it is clear that the Western Co. 2-3/8" composite bridge plug contained a "slip support." The drawing attached to Mr. Harris's Declaration shows a support mechanism that ensures that the slips remain in position on the mandrel while force is applied to the tool and the tool is set. *Refer to* Weatherford's Prelim.

(prohibiting the grant of a patent when the purported invention was publicly used more than one year before the date of application for patent). Further, the alleged “inconsistencies” between Mr. Harris’s Declaration and his transcribed statement merely emphasize that the substantial fact issues regarding the validity of the patents-in-suit are better suited for “fleshing out” at trial – not the preliminary injunction stage.

The arguments Halliburton presents in an attempt to discredit the prior public use of the 2-3/8” composite bridge plug are easily refuted:

- Based on selected excerpts from Mr. Harris’s transcript, Halliburton claims that Mr. Harris’s work was “clearly secret and fails to qualify as ‘prior art.’” Pl. Reply at 12-14. However, neither the Harris Declaration nor the transcript of his interview support this claim. When questioning Mr. Harris about the use of the 2-3/8” composite bridge plug in a customer’s well, Halliburton’s counsel went to great lengths to try to lead Mr. Harris into saying the use was “secret.”⁵ Mr. Harris would not agree with Halliburton’s counsel, however, and instead stated that when he discussed the use of the plug in the customer’s well with “Cap” DuPont, he “never used the word secret. I may have said something else but *I certainly didn’t say secret.*” Harris Tr. at 106:3-5, App. at W000171. The inference by Halliburton that Mr. Harris kept the use of the plug secret is not only directly refuted by the statements above, but is also refuted by Mr. Harris’s statements about “generating paperwork” concerning the public use of the plug. Mr. Harris’s statement shows that he endeavored to avoid generating paperwork on the 2-3/8” plug because this plug did not have its own separate budget approval and the Western Co. was in serious financial trouble. See *id.* at 83:10-88:24, App. at W000148-153. Mr. Harris did not avoid generating paperwork on the public use because he wanted to keep the use “secret.”
- Halliburton argues that the prior public use of the 2-3/8” composite bridge plug does not constitute prior art because it was used in a “plug and abandonment” job, because it was allegedly not reduced to practice, and because the plug allegedly failed to perform. Pl. Reply at 15. Again, Halliburton’s conclusory statements do not present the full story Mr. Harris told to Halliburton. Mr. Harris’s statement shows that the 2-3/8” plug was reduced to practice, successfully tested for pressure holding capability, and successfully run in a customer’s well to the customer’s satisfaction. See *id.* at 90:24-92:4, App. at W000155-157 and 100:16-101:15,

Inj. Opp., App. at W13.

⁵ It is apparent from the transcript of Mr. Harris’s statement that Halliburton’s counsel was questioning Mr. Harris based on notes of at least one telephone conversation between Halliburton’s counsel and Mr. Harris prior to the date of his interview. In fact, Halliburton’s counsel references this phone conversation no less than ten times during the interview in an attempt to box Mr. Harris in and to improperly lead him. See Harris Tr. at 16:1, 19:5, 63:14, 69:11, 71:25, 73:1, 77:14, 81:18, 87:14, and 95:3 (refer to Harris interview transcript attached in the Appendix at W000065-197). Further, Mr. Harris’s interview transcript is replete with examples of Halliburton’s counsel putting words in Mr. Harris’s mouth and cutting his answers off when Mr. Harris began to give an answer that was damaging to Halliburton. See, e.g., Harris Tr. at 35:22 – 36:3; 56:15-24.

App. at W000165-166 (stating that despite shearing the top of the mandrel during his testing, “*it didn’t affect the pressure-holding ability of the plug*”; stating that the 2-3/8” composite plug “passed” the differential pressure testing; and stating that “*the plug didn’t take off down hole*” during the cementing operation at the customer’s well).

- Halliburton’s attempts to characterize the 2-3/8” composite plug as a “failure” are also unsupported. Mr. Harris’s statement clearly shows that the 2-3/8” composite plug was successfully lockingly and sealingly set in a customer’s wellbore. Further, Halliburton’s attempt to discredit Mr. Harris’s public use of the 2-3/8” composite bridge plug based on the use of the plug in a “plug and abandon” job is also irrelevant, as the claims of the patents-in-suit are silent with respect to the type of job the downhole apparatus was designed for. Use of the 2-3/8” plug for a “plug and abandon” job clearly qualifies as a downhole operation for which the 2-3/8” plug was lockingly and sealingly set in the wellbore.

Mr. Harris’s statement, as well as the statements in his Declaration, show that it is undisputed that Mr. Harris⁶ invented a 2-3/8” bridge plug utilizing a non-metallic mandrel and non-metallic slips and used⁷ his invention in a customer’s well several years before Halliburton filed its patent applications. This prior art raises a substantial question concerning the invalidity of the patents-in-suit.

2. **The Prior Sales Of, Public Uses Of, And Printed Publications Concerning The Baker Fiberglass Packers Each Invalidate The Claims Of The Patents-In-Suit.**

More than twenty-five (25) years *after* the Baker Oil Tools’ Prime Fiberglass Packers (the “Baker fiberglass packers”) were sold to and used by customers in the United States and advertised in World Oil magazine, Halliburton applied for patents on tools that featured the same non-metallic mandrels that were utilized in the Baker fiberglass packers - a critical part of the claims of the patents-in-suit. Indeed, Halliburton argued the novelty of the use of a non-metallic

⁶ Halliburton claims that Mr. Harris is Weatherford’s paid consultant. Pl. Reply at 4-5. But the fact is that Weatherford merely compensated Mr. Harris at an appropriate rate for the time he took out of his schedule to meet with Weatherford’s counsel. See Harris Invoice at App. W000198 (showing that Mr. Harris was compensated a total of \$340 for four (4) hours of his time).

⁷ In yet two additional examples of Halliburton’s attempts to discredit the public use of the 2-3/8” composite plug, Halliburton argues that the “general public” is typically excluded from well sites and that Mr. Harris somehow “abandoned” his work on the composite plug after the use in a customer’s well. These arguments are legally irrelevant. First, 35 U.S.C. § 102 (a) precludes issuance of a patent if the purported invention was in “public use” more than one year before the date of the patent application. The statute does not require that the “public use” is a use before “the general public.” Second, Weatherford asserts that Mr. Harris did not abandon his work on the composite plug. Even if Mr. Harris did abandon his work, which is denied, whether an invention was “abandoned” is not a

mandrel to the United States Patent and Trademark Office (“PTO”) to obtain claim allowance. From the face of the patents-in-suit, it is evident that the Examiner was not aware of the Baker fiberglass packers or any prior art that included a non-metallic mandrel. As explained in Weatherford’s opposition briefs, had the PTO known of this prior art, the pending claims would have been rejected as unpatentable over this prior art. Knowing this, Halliburton attempts to argue that the Baker fiberglass packers are not relevant prior art. Halliburton’s arguments, however, are unsupported assertions by its counsel and misrepresent the true functioning of the Baker fiberglass packers.

a. The Baker Fiberglass Packers Were Sold, Used, And Disclosed In A Printed Publication Long Before Halliburton Applied for Its Patents.

Halliburton likes to discount the Baker fiberglass packers as some sort of commercial failure that barely saw the light of day. Not only is Halliburton’s characterization inaccurate, but it also completely misses the point, as the invalidity analysis focuses on whether the Baker fiberglass packers were publicly used, sold, or disclosed in a printed publication more than one year before Halliburton applied for its patents. See 35 U.S.C. §§ 102(a), 102(b). Halliburton has not cited a single authority to show that commercial success is a relevant inquiry for a § 102 invalidity analysis.

It is undisputed that Baker manufactured, advertised, and sold these fiberglass packers in the 1960s. Indeed, it was a customer at Marathon Oil *in the early 1960s* who commissioned Monty Harris and his then employer, Baker Oil Tools (“Baker”), to provide Marathon with packers that contained fiberglass components. Harris Tr. at 14-15, App. at W000079-80. Baker developed at least two fiberglass packers. One was part fiberglass and included a fiberglass mandrel. *Id.* at 23:11-19, App. at W000088. Mr. Harris personally knows that Baker sold and

relevant inquiry under a 35 U.S.C. § 102 (a) or (b) validity analysis.

installed at least two of these fiberglass packers. *Id.* at 17:18-18:8, App. at W000082-83. After Mr. Harris finished his testing of this fiberglass packer, he turned it over to field operations for the “tool men” to use. *Id.* at 19:2-5, App. at W000085. In fact, Mr. Harris stated that every time he would go to the field shop, he saw evidence that these fiberglass packers were being manufactured and shipped to customers. *Id.*

Another Baker fiberglass packer was made entirely of fiberglass. Mr. Harris’s statement discusses this packer – which was also advertised in World Oil Magazine in the 1960s. *Id.* at 25:7-21, App. at W000090. Although Halliburton characterizes these tools as a “commercial failure,” Mr. Harris told Halliburton the opposite: “[Baker] evolved it because it was making them money.” *Id.* Another former Baker employee with personal knowledge of the Baker fiberglass packers, Mr. William Tapp, confirmed that he personally assembled these tools at the Baker warehouse and shipped them to oil companies in El Dorado, Kansas and Rangely, Colorado. Tapp Decl. at ¶¶4, 5, 10, App. at W000199-202. These public sales of the Baker fiberglass packers clearly qualify as prior art, irrespective of their commercial success. *See* 35 U.S.C. § 102(b).

Similarly, Halliburton also attacks Weatherford’s reliance on the Baker Special Products Manual for the Baker fiberglass packers as prior art. Halliburton claims that the Special Products Manual, which describes the components and methods of use for the Baker Prime Fiberglass Packer, cannot qualify as a printed publication under 35 U.S.C. § 102(a) because there is no evidence that it was accessible to the public before the critical date. Pl. Reply at 8 n.6. However, Mr. Tapp’s Declaration reveals that the fiberglass packers were part of Baker’s special products line and that the Special Products Manual was distributed to customers who purchased the tool. When a customer purchased a product from the special products line, “Baker’s standard practice was to provide the customer with copies of the specific pages from the ‘Special Products Manual’ that covered the purchased product.” Tapp. Decl. at ¶11, App. at W000202.

b. The Baker Fiberglass Packers Were Removed From the Wellbore in Precisely the Same Way Taught in the '468 Patent.

Halliburton levels other challenges to the Baker fiberglass packers' viability as prior art. Halliburton belabors the issue that while their method claims include the step of drilling out the tool, the "evidence" (purportedly supplied from Mr. Harris's statement) says that the Baker fiberglass packer was pushed down into the well after sand and debris around the tool was dislodged. Pl. Reply at 9. A careful reading of Mr. Harris's statement, however, shows that he said nothing of the sort. Indeed, Mr. Harris's statement shows that he used the same method to remove the Baker fiberglass packer that Halliburton describes in its patent. Specifically, according to the '468 patent, one way to remove Halliburton's patented plug from service is to use a tool to grind up at least the outer components of the tool while the tool is lodged in the wellbore. '468 patent, Col. 1, ln. 33-35, App. to Pl. Br. at 000001-18. *This is precisely the type of procedure that Mr. Harris said he used to remove one of the Baker fiberglass packers from the wellbore.* Harris Tr. at 37:3-38:10, App. at W000102-103. Halliburton's characterization of Mr. Harris' statement is clearly wrong.

Additionally, Halliburton objects to the statements by Weatherford's witnesses that retrievable packers often had to be drilled out of a casing. Mr. Tapp's Declaration, however, confirms that retrievable packers would often get stuck in the casing and would have to be milled or drilled out. Tapp Decl. at ¶ 9, App. at W000201. Moreover, *Halliburton's* 1962 sales catalog confirms that a design feature of its own R-3 *retrievable* Treating-Production Packer was that it was *drillable*: "Contains safety joint to allow tubing to be removed and *packer easily drilled* if conditions prevent normal removal." 1962 Halliburton Sales and Service Catalog (emphasis added), App. at W000207. Thus, it was well-known in the industry at least as early as the 1960s that retrievable packers sometimes had to be drilled out of a well, and Halliburton's arguments to

the contrary are wrong.

c. **The Baker Fiberglass Packers Were Designed For “Sealing and Gripping Engagement With the Wellbore.”**

Halliburton makes it appear that the Baker fiberglass packers were left dangling in the wellbore when the tool was used. This accusation is incredible. Not only do the photo and Special Products Manual page for the Baker fiberglass packers show that it includes an elastomeric element, slips, a slip support and a cone (all used to grip the tool to the wellbore and fix the unit in a sealing engagement with the wellbore), Mr. Harris also stated that the tool even had an emergency release system to *disengage* the unit – the release would “de-energize everything and separate the cone from the slip.” Harris Tr. at 15:16-18, App. at W000080. Mr. Harris’s statement alone shows that the Baker fiberglass packer was set in sealing and gripping engagement with the wellbore. Moreover, Mr. Tapp’s Declaration provides further evidence that when the Baker fiberglass packers were used, they were “in sealing and gripping engagement with the casing within the wellbore.” Tapp Decl. at ¶¶ 7-8, App. at W000201.

The Baker fiberglass packers were products that were marketed and sold decades before Halliburton filed its patent applications. Some versions were made entirely of fiberglass, while others had some components made of fiberglass (mandrel, etc.). Because the PTO did not have the benefit of reviewing this prior art when it examined Halliburton’s patent applications, this prior art raises substantial validity questions, making a preliminary injunction inappropriate.

3. **Additional Prior Art Shows A Substantial Question Of Invalidity Exists.**

In its brief in support of its motion for a preliminary injunction, Halliburton claims that its composite bridge plug and composite packer products “revolutionized” the drillable tool market. See Pl. Br. at 10 (stating that Halliburton’s tool line “does not require [an] expensive heavy drilling rig to drill them out of the well” and claiming that this innovation “revolutionized the

industry"). Halliburton's claim appears to be based on its so-called inventive concept that focuses on Halliburton's use of a non-metallic center mandrel that makes its products easily drillable. See *id.* at 2 (noting that the "inventive tools . . . are made of easily drillable, non-metallic material"); at 7-8 (attempting to distinguish US Patent No. 4,708,202 based on the '202 patent's "reliance [on] metallic mandrels"). The prior art cited in Weatherford's opposition briefs shows, however, that there was nothing inventive in Halliburton's incorporating a non-metallic mandrel into downhole tools to make those tools easily drillable. To the contrary, this prior art shows that Halliburton's so-called "inventive concept" is the same thing done by others long before Halliburton filed the applications that issued as the patents-in-suit.

Similarly, Weatherford has discovered additional prior art⁸ *that was not reviewed by the PTO* that shows the industry had long known about the use of non-metallic components, including non-metallic mandrels, in downhole tools to make those tools easily drillable. Specifically, *in the mid-1920s*, a patent existed that covered drillable downhole tools that incorporated components – including a mandrel – constructed of wood, most definitely a non-metallic material. See United States Patent No. 1,684,266 (the "'266 patent") (entitled "Bridging Plug" and issued on September 11, 1928), attached at App. W000212-215.

The '266 patent discloses each and every element claimed in the patents-in-suit:

- **Non Metallic Mandrel:** "Another object of the invention is to provide a bridging plug which is formed of a readily destructible material so that after the plug has been seated, it will be relatively easy to remove the same for further drilling operations by a drilling tool." App. at W00213, lns. 16-21. "The segments 10 and the *mandrel* 14 are preferably formed of [a non-metallic material] so that the plug can easily be drilled out of the casing by a drilling tool for further drilling operations." *Id.* at lns. 90-98 (emphasis added);

⁸ The referenced prior art was discovered after Weatherford had prepared its opposition briefs filed on July 8, 2002. Given the fact that Weatherford had only ten days (six business days) to prepare its opposition briefs to Halliburton's requests for a TRO and preliminary injunction and request for expedited discovery (in contrast to the months Halliburton took to prepare its pleadings), fundamental fairness requires that Weatherford be allowed to bring forth newly discovered evidence in this sur-reply.

- **Sealingly Engages Wellbore:** “A further object of the invention is to provide an improved bridging plug carrying a *sealing device* which will *engage* the interior of the well casing and effectively form a packer or seal between the body of the plug and the casing to prevent leakage.” *Id.* at lns. 30-35. “The rubber rings 22 also engage the casing and are compressed, thus forming a packer or seal to prevent the leakage of fluid between the exterior surface of the segments 10 and the casing.” App. at W000214, lns. 68-73 (emphasis added);
- **Slips to Engage the Casing:** “These [upper] *slips* have upwardly directed teeth 18, which, when they engage the casing C, will *prevent upward movement* of the plug within the casing. Each of the segments 10 has a stationary slip 19 secured to its lower end, these slips being provided with downwardly directed teeth 20 which, when they engage the casing, will *prevent downward movement* of the plug.” *Id.* at lns. 3-12 (emphasis added).

Comparing the ‘266 patent to the asserted claims of the ‘468 and ‘540 patents, it is clear that the ‘266 patent anticipates⁹ the “claimed invention” of the patents-in suit. As the claim charts attached hereto show,¹⁰ the ‘266 patent discloses an easily drillable downhole apparatus that has a center mandrel made of wood and that utilizes a plurality of slips that “engage” the casing to prevent movement of the tool within the casing when set. The tool also discloses a plurality of “packing” elements that sealingly engage the well bore. Further, the ‘266 patent utilizes a tapered, wooden component as a “cone” that “wedges the slips” into engagement with the wellbore and, thus, contains “slip means”¹¹ being at least partially made of a non-metallic material.” As such, claims 1 and 30 of the ‘468 patent and claims 1, 2, and 3 of the ‘540 patent are anticipated by the downhole apparatus disclosed and claimed in the ‘266 patent and are invalid.¹² The Baker fiberglass packers, the Harris 2-3/8” composite bridge plug, and the ‘266 patent each raise

9 Refer to the discussion of the law of anticipation pursuant to 35 U.S.C. §§ 102(a) and 102(b) in Weatherford’s opposition briefs. See Weatherford’s Prelim. Inj. Opp. at 5-6.

10 Refer to the claim charts in the Appendix at pages W000209-211.

11 According to Halliburton’s claim charts, Halliburton apparently contends that the “slip means” include slips, a cone for wedging the slips, and a support structure for the slips on the opposite side of the cone. See Pl. App. at A000162. Weatherford is not conceding to any claim constructions and reserves the right to challenge the meaning of disputed claim elements at a *Markman* hearing before this Court.

12 While Halliburton may attempt to discredit the ‘266 patent as inapplicable because it utilizes wood, the claims Halliburton asserts only call for a “non-metallic material.” Halliburton may also argue that the composite tool described in the patent claims may be able to withstand higher temperatures and pressures than a wooden tool. This argument is a red herring, however, because none of the asserted claims of the ‘468 patent or the ‘540 patent require a

substantial questions concerning the validity of the patents-in-suit and, thus, each raises a sufficient basis to preclude a preliminary injunction.

B. Halliburton Has Not Shown That It Faces Imminent, Irreparable Harm.

The evidence in the record also demonstrates the absence of irreparable harm. There can be no presumption of irreparable harm under the circumstances here. As shown above, Halliburton has failed to show a likelihood of success on the merits, let alone to make the “clear showing” of validity that is required for a presumption of irreparable harm to arise. *See Purdue Pharma L.P. v. Boehringer Ingelheim GMBH*, 237 F.3d 1359, 1363 (Fed. Cir. 2001). Whether or not a presumption of irreparable harm could be assumed, however, the evidence in the record refutes the notion that Halliburton will be irreparably harmed in the absence of preliminary injunctive relief. *See Illinois Tool Works, Inc. v. Grip-Pak, Inc.*, 906 F.2d 679, 681 (Fed. Cir. 1990) (presumption of irreparable harm is rebuttable). As shown below and in Weatherford’s opposition briefs, this factor compels denial of Halliburton’s request for preliminary relief.

1. Adequacy Of Monetary Relief.

Although Halliburton attempts to confuse the issue, “there is no *presumption* that money damages will be inadequate in connection with a motion for an injunction.” *Nutrition 21 v. United States*, 930 F.2d 867, 872 (Fed. Cir. 1991) (emphasis in original). “Some evidence and reasoned analysis for that inadequacy should be proffered.” *Id.* (citations omitted).

As Weatherford has shown, Halliburton’s preliminary injunction motion amounts to nothing more than the bald assertion that damages would be inadequate based on loss of market power. *See* Weatherford TRO Opp. at 8-9. Such speculation, which could be made in any patent case, does not “amount to proof of special circumstances justifying the extraordinary relief of an injunction prior to trial.” *Nutrition 21*, 930 F.2d at 871.

minimum working temperature or pressure.

In its Reply, Halliburton attempts to remedy this obvious inadequacy by pointing to the Declaration of Jonathan Ortiz. Pl. Reply at 27. Halliburton submitted the Ortiz Declaration not with its preliminary injunction papers (which it had months to prepare), but instead in its later-filed response to Weatherford's emergency request for a one-week extension of time to respond to those papers.¹³

Assuming that the Ortiz Declaration should be considered at all, it does not support Halliburton's position. Mr. Ortiz identifies specific wells in specific locations that need specific numbers of bridge plugs. Ortiz Decl., Pl. App. at A225. He then gives detailed information about Halliburton's and Weatherford's pricing for these plugs and provides a specific dollar amount for anticipated lost sales. *Id.* at A225-26. This is not evidence of irreparable harm; rather, it is affirmative proof that monetary relief is adequate. As such, there is no evidence of irreparable harm to support preliminary injunctive relief.¹⁴

2. Halliburton's Failure To Assert Its Patents For Over Four Years.

The absence of irreparable harm is emphatically underscored by Halliburton's acquiescence to alleged infringement of its patent rights by Baker—Halliburton's biggest competitor. Apparently, Baker has been selling composite bridge plugs without a license for four to five years. See Weatherford TRO Opp. at 14-16 and App. at WE14, WE25-28. Halliburton cannot credibly claim irreparable harm based on Weatherford's recent sales of allegedly infringing products when Baker has been selling a composite downhole tool for years.

13 Halliburton nevertheless complains that Defendants "ignored" this evidence. Pl. Reply at 27. Not only is such a criticism unfounded, given that the declaration was not filed with Halliburton's motion for a preliminary injunction, but also it is simply untrue. In an abundance of caution, Weatherford did in fact address the substance of Mr. Ortiz's statement. Weatherford TRO Opp. at 9 n. 3.

14 In its initial briefing, Halliburton asserted that Weatherford was attempting to gain market share by undercutting Halliburton's prices. Weatherford refuted this allegation by showing that Weatherford's sales resulted from its superior products and Halliburton's heavy-handed sales tactics. See Weatherford TRO Opp. at 16-19. In its reply, Halliburton ignores its failure of proof and instead mischaracterizes Weatherford's showing (by suggesting that Weatherford intended this evidence as an independent basis to show the absence of irreparable harm). Pl. Reply at 28-29.

Halliburton suggests that its failure to enforce its patent rights against Baker is irrelevant because it is entitled to “pick[] off one infringer at a time.” Pl. Reply at 27, 29. Halliburton’s position makes no sense here and is refuted by the very case it cites. In *Polymer Technologies, Inc. v. Bridwell*, 103 F.3d 970 (Fed. Cir. 1996), the Federal Circuit stated that the failure to bring suit against other infringers may be relevant to irreparable harm “when it indicates unreasonable delay in bringing suit … or indifference in enforcing one’s patent.” *Id.* at 976. In that case, though, the court found that the patentee’s conduct was not inconsistent with irreparable harm because the patentee had “become aware of other potential infringers only after [that] suit was filed.” *Id.*

In stark contrast, Baker has been openly selling its composite products for four to five years (about four years longer than Weatherford has been selling its allegedly infringing product). See Jordan Decl., App. to Weatherford’s TRO Opp. at WE9-16. Halliburton’s failure to take legal action against Baker, even to this day, reflects unreasonable delay in bringing suit and indifference to enforcing patent rights—both of which are fatally at odds with Halliburton’s irreparable harm claim.

Halliburton’s conduct is also fundamentally inequitable. On the one hand, Halliburton seeks to shut down Weatherford’s composite tool business (seriously harming Weatherford and third parties), purportedly because Halliburton will suffer “irreparable harm” if such sales are not stopped immediately. On the other hand, Halliburton has looked the other way for years while Baker sells the same type of composite tools. Such conduct is hardly consistent with a request for equitable relief.

H:\61791\@jwv06\DOC

3. Halliburton's Delay And Improper Maneuvering.

Halliburton's delay in filing suit and its conduct in prosecuting this action further compel the conclusion that there is no irreparable harm and that it is not entitled to call upon the Court's equitable powers. These considerations are highlighted by the following points:

- On September 10, 2001, Halliburton sends Weatherford a cease and desist letter after learning of Weatherford's allegedly infringing sales of composite tools.
- In December 2001, Weatherford makes a presentation to Halliburton's patent attorneys describing reasons why several Halliburton patents dealing with composite tools are invalid. Weatherford discusses invalidating prior art, including a composite tool invented by Monty Harris (without disclosing Mr. Harris's identity).¹⁵ Shortly thereafter, Halliburton contacts Mr. Harris and interviews him over the telephone.
- In early January 2002, Weatherford allows Halliburton's patent attorneys to conduct a hands-on inspection of Weatherford's composite bridge plug and to ask Weatherford personnel detailed questions about the design of the plug. Jordan Decl., App. to Weatherford's TRO Opp. at WE9-WE16.¹⁶
- In March 2002, unbeknownst to Weatherford, Halliburton conducts a lengthy, transcribed interview with Mr. Harris. Although Mr. Harris is a non-adverse, third party witness, Halliburton's examination is leading and manipulative. Refer to note 4 *supra*.
- On June 27, 2002, *over ten months after sending its letter alleging infringement*, Halliburton files suit and moves for a TRO and preliminary injunction. The request for emergency relief is unsupported by any showing of imminent irreparable harm. In order to excuse its long delay in prosecuting this matter, Halliburton's preliminary injunction papers falsely imply that it does not know the identity of Mr. Harris or what he might say.¹⁷ Despite knowing precisely what Mr. Harris said to Weatherford, Halliburton withholds its evidence concerning Mr. Harris's prior art.

15 Weatherford has never denied that it withheld Mr. Harris's name from Halliburton during these discussions. As the Court is undoubtedly aware, it is hardly unusual for parties engaged in pre-litigation discussions to refrain from disclosing all their evidence to the other side. There is nothing even remotely in "bad faith" about this. Halliburton's accusation to the contrary assumes some pre-suit disclosure obligation, which obviously does not exist. It is also apparent that Weatherford's decision to withhold Mr. Harris's name was well advised. Halliburton's "investigation" was nothing more than an attempt to develop evidence in support of its inevitable suit (as clearly shown by the "interview" transcript revealing Halliburton's manipulative questioning of Mr. Harris).

16 Incredibly, Halliburton still argues that it "commenced this suit within two months of its expert's viewing Defendants' accused products at the [May 2002] Houston trade show." Pl. Reply at 29.

17 When referring in its brief to statements concerning Mr. Harris's prior art, Halliburton states: "Defendant Weatherford has previously made bare allegations that it has a declaration of an 'inventor' who is aware of a prior 'public use' relevant to the validity of the '468 and '540 Patents. Weatherford has refused Halliburton's requests to produce the declaration or any evidence supporting its allegation." Pl. Br. at 19. The logical conclusion intended by Halliburton's statement is that Halliburton did not have any information concerning who was responsible for this invalidating prior art or what the invalidating prior art was. This, of course, was untrue.

- On the date Halliburton's reply briefs were due, Halliburton instead files an "emergency" motion to depose Monty Harris, in which Halliburton again conceals the fact that it already had a lengthy sworn statement from Mr. Harris. Although the Court ultimately denies this motion, Halliburton in effect grants itself a thirty-day extension of time in which to file its reply briefs.
- On August 6, 2002, Halliburton files its 37-page consolidated reply brief. Knowing that Defendants have no right to respond under the Court's Local Rules (LR 7.1(f)), Halliburton for the first time offers its alleged evidence concerning Mr. Harris's prior art (which Halliburton has had almost five months). Even then, Halliburton provides the Court and the Defendants with only selective excerpts of Mr. Harris's transcribed interview.

Based on the authorities previously cited by Weatherford, Halliburton's delay in bringing this suit many months after learning of Weatherford's alleged infringement counsels against a finding of irreparable harm. See Weatherford's TRO Opp. at 10-14. But perhaps more importantly for a Court sitting in equity, Halliburton's questionable tactics and maneuverings disqualify it from the equitable remedy it seeks.

II. CONCLUSION

For the foregoing reasons, and for the reasons stated in Weatherford's oppositions to Halliburton's motions for preliminary relief, Halliburton's Motion for a Temporary Restraining Order and Motion for a Preliminary Injunction should be denied.

Respectfully submitted,

By: 
Stephen H. Cagle
Texas Bar No. 3591900
Peter E. Ormsby
Texas Bar No. 15307900
Eric S. Schlichter
Texas Bar No. 24007994
HOWREY SIMON ARNOLD & WHITE, LLP
750 Bering Drive
Houston, Texas 77057
Telephone: (713) 787-1400
Facsimile: (713) 787-1440

Local Counsel:

Elizabeth D. Whitaker
Texas Bar No. 22261500
2811 McKinney Ave., Suite 310
Dallas, Texas 75204
Telephone: (214) 754-9190
Facsimile: (214) 754-9140

ATTORNEYS FOR DEFENDANT, WEATHERFORD
INTERNATIONAL, INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served upon the following counsel of record via hand delivery on the 22nd day of August, 2002.

John F. Booth
CRUTSINGER & BOOTH
1601 Elm Street, Suite 1950
Dallas, Texas 75201
Telephone: (214) 220-0444
Facsimile: (214) 220-0445

William C. Slusser
Jayme Partridge
SLUSSER & FROST, L.L.P.
4890 Three Allen Center
333 Clay Street
Houston, Texas 77002
Telephone: (713) 860-3301
Facsimile: (713) 860-3333



IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

HALLIBURTON ENERGY SERVICES, INC.,

Plaintiff,

v.

WEATHERFORD INTERNATIONAL, INC.
and BJ SERVICES COMPANY,

Defendants.

CIVIL ACTION NO. 02-CV-1347-N

JUDGE GODBEY

**HALLIBURTON'S CONSOLIDATED RESPONSE TO DEFENDANTS' SUR-REPLIES
TO HALLIBURTON'S MOTIONS FOR TRO AND PRELIMINARY INJUNCTION**

FILED UNDER SEAL

(Pursuant to Order Entered June 28, 2002)

4090Z-00T-20006

TABLE OF CONTENTS

TABLE OF CONTENTS	i
TABLE OF AUTHORITIES	iii
SUMMARY	1
I. HALLIBURTON HAS SHOWN A SUBSTANTIAL LIKELIHOOD OF SUCCESS	2
II. INFRINGEMENT IS CLEAR.....	2
A. Weatherford Does Not Contest Infringement	2
B. BJ Reverses Field to Contest Infringement and Is Not Likely to Succeed.....	3
1. BJ's Python Tool Has A "Non-Metallic Mandrel" AS Required by Claims 1 and 30 of the '468 Patent.....	3
2. BJ's Python Tool Has A "Slip Means" Being At Least Partially Made of Non-Metallic Material As Required by Claim 3 of the '540 Patent.....	3
III. DEFENDANTS ARE NOT LIKELY TO SUCCEED ON THEIR PATENT INVALIDITY DEFENSE.....	7
A. Defendants Ignore Halliburton's Overwhelming Evidence of Non- Obviousness and Engage in Improper Analysis.....	7
B. The Baker References and the "New" 1928 Prior Art are No More Relevant than the Prior Art Originally Considered by the Patent Examiner.....	9
C. The Baker References Do Not Anticipate Halliburton's Patent Claims.....	10
1. The Baker references Do Not Anticipate Claim 1 of the '468 Patent	10
a. The Baker references Relating to "Retrievable" Tools Do Not Disclose the Step of "Positioning Said Downhole Tool into Locking, Sealing Engagement with Said Well Bore".....	10
b. The Baker References and Weatherford's Declarations Do Not Show Drilling Out of the Baker Fiberglass Corrosion-Resistant Tension Packer.....	12
2. The Baker References Do Not Anticipate Claim 30 of the '468 Patent or Claim 3 of the '540 Patent – The Fiberglass Baker Tension Packer Does Not Have "Slip Means"	15
3. The Baker References Do Not Anticipate Claim 3 of the '540 Patent for an Additional Reason – The Fiberglass Baker Tension Packer Does Not Have Two "Slip Means"	17
D. The Alleged 2-3/8" Plug Experiments Do Not Invalidate Halliburton's Patent Claims	17
1. Harris's Statements Are Not Corroborated	18

2. Harris Does Not Have Personal Knowledge of the Alleged "Public Use" of the 2-3/8" Plug	19
3. The 2-3/8" Experimental Work Was Secret and Abandoned.....	21
E. The "New" 1928 Fischer '266 Patent No Better Than Art Already Considered by the Examiner at the Patent Office	21
F. Halliburton's Inventions Were Non-Obvious.....	22
IV. HALLIBURTON HAS SHOWN THAT IT FACES IMMINENT, IRREPARABLE HARM.....	23
A. Halliburton Adduced Admissible Evidence of Irreparable Harm	23
B. Halliburton has Shown Injury to its Market Share and Profitability.....	25
C. Defendant's Unfair Sales Tactics Irreparably Harm Halliburton's Customer Goodwill	26
D. Halliburton has not Acquiesced to Baker's Infringement	27
V. HALLIBURTON DID NOT "UNREASONABLY DELAY" IN REQUESTING PRELIMINARY RELIEF.....	27
VI. CONCLUSION	28

HALLIBURTON'S MOTION

TABLE OF AUTHORITIES

Cases

<i>Akzo, N.V. v. United States ITC</i>	22
<i>American Hoist & Derrick Co. v. Sowa & Sons, Inc.</i>	12
<i>Arkie Lures Inc. v. Gene Larew Tackle, Inc</i>	7
<i>Bausch & Lomb, Inc. v. Barnes-Hind, Inc.</i>	8
<i>C. R. Bard, Inc. v M3 Sys., Inc.</i>	22
<i>Carella v. Starlight Archery & Pro Line Co.</i>	8, 14
<i>Cargo Protectors, Inc. v. Amer. Lock Co.</i>	5
<i>Connell v. Sears, Roebuck & Co.</i>	8
<i>CVI/Beta Ventures, Inc. v. Tura LP</i>	6
<i>Cybor Corp. v. FAS Techs., Inc.</i> ,	6
<i>Dentsply Int'l v. Great White, Inc.</i>	5
<i>Diversitech Corp. v. Century Steps, Inc.</i> ,	14
<i>Environmental Designs, Ltd. v. Union Oil Co.</i>	22
<i>Finnegan Corp. v. International Trade Comm'n</i>	18
<i>H.H. Robertson Co. v. United Steel Deck, Inc</i>	2
<i>Hewlett-Packard Co. v. Bausch & Lomb, Inc.</i>	9
<i>Hybritech Inc. v. Monoclonal Antibodies, Inc</i>	23
<i>Illinois Tool Works, Inc. v. Grip-Pak, Inc.</i>	24
<i>In re Donaldson Co.</i> ,	15
<i>In re Spada</i>	14
<i>Mark I Mktg. Corp. v. R.R. Donnelley & Sons Co.</i> ,	6

FEDERAL TRADE COMMISSION

<i>Motorola, Inc. v. Interdigital Technology Corp</i>	8, 14
<i>New England Braiding Co., Inc. v. A.W. Chesterton Co.</i> ,.....	2
<i>Nutrition 21 v. United States</i>	24
<i>Oakley Inc. v. Sunglass Int'l</i>	18
<i>Panduit Corp. v. Dennison Manufacturing Co</i>	8, 9, 12, 14
<i>Polymer Techs. v. Bridwell</i>	25, 27
<i>PPG Indus., Inc. v. Guardian Indus. Corp</i>	2, 25
<i>Rosemont, Inc. v. Beckman Instruments, Inc</i>	22
<i>Schawabel Corp. v. Conair Corp</i>	25
<i>Stiftung v. Renishaw PLC</i>	3
<i>Stratoflex, Inc. v. Aeroquip Corp.</i> ,.....	7
<i>United States v. Adams</i> ,	21
<i>W.L. Gore & Associates, Inc. v. Garlock, Inc.</i>	21
 Statutes	
28 U.S.C. § 1404(a)".....	19
35 U.S.C. § 102.....	8
35 U.S.C. § 103.....	8
35 U.S.C. § 103(a).	7
35 U.S.C. § 112.....	4, 15
 Other Authorities	
7 Chisum on Patents § 20.04[1][e][v],.....	26
Chisum on Patents § 3.05[2],.....	21
 Rules	

THE STATE OF TEXAS

Fed.R.Evid. 106	9
-----------------------	---

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

HALLIBURTON ENERGY SERVICES, INC.,

Plaintiff,

v.

WEATHERFORD INTERNATIONAL, INC.
and BJ SERVICES COMPANY,

Defendants.

CIVIL ACTION NO. 3:02-CV-1347-N

**HALLIBURTON'S CONSOLIDATED RESPONSE TO
DEFENDANTS' SUR-REPLIES TO HALLIBURTON'S MOTIONS FOR
TRO AND PRELIMINARY INJUNCTION**

Pursuant to the Court's August 12, 2002 Order (Docket No. 55), Plaintiff Halliburton Energy Services, Inc. ("Halliburton") responds to Defendants' Sur-Replies to Halliburton's Motions for TRO and Preliminary Injunction as follows:

SUMMARY

Weatherford and BJ Services have attempted to defeat Halliburton's showing of its entitlement to preliminary injunctive relief so that each may continue to receive millions of dollars from the sales of their infringing, knock-off products. Defendants want the Court to grant them a *de facto* license to this revolutionary patented technology that they have blatantly copied for their own economic gain. This Court should refuse to do so. Halliburton has satisfied all of the prerequisites for injunctive relief and has shown that it is entitled to relief from the actions of Defendants and the effects of their continuing infringement.

I. HALLIBURTON HAS SHOWN A SUBSTANTIAL LIKELIHOOD OF SUCCESS

A preliminary injunction is determined in the context of the presumptions and burdens that would inhere at a trial on the merits. *New England Braiding Co., Inc. v. A.W. Chesterton Co.*, 970 F.2d 878, 882-83, 23 U.S.P.Q.2d 1622, 1625 n.4 (Fed. Cir. 1992); *H.H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 388, 2 U.S.P.Q.2d 1926, 1928 (Fed. Cir. 1987). At the preliminary injunction stage, a patent challenger's evidence of invalidity must be "sufficiently persuasive that it is likely to overcome the presumption of patent validity." *PPG Indus., Inc. v. Guardian Indus. Corp.*, 75 F.3d 1558, 37 U.S.P.Q.2d 1618, 1624 (Fed. Cir. 1996). Halliburton can prevail on its motions for preliminary relief by showing that Defendants' evidence would be unlikely to carry the day clearly and convincingly at trial. *H.H. Robertson Co. v. United Steel Deck, Inc.*, 820 F.2d 384, 387, 2 U.S.P.Q.2d 1926 (Fed. Cir. 1987).

II. INFRINGEMENT IS CLEAR

A. Weatherford Does Not Contest Infringement

After filing over 300 pages of briefing and appendices, Weatherford still has failed to raise a single non-infringement argument regarding the patent claims at issue. See Weatherford's Sur-Reply Brief, p.1 & n.2. Weatherford has never claimed that it has raised a "substantial question" concerning infringement. *Id.* Instead, Weatherford offers the incredible excuse that due to "time and page limit constraints" it "focused its efforts" on the validity issue leaving the question of its infringement for another day.

B. **BJ Reverses Field to Contest Infringement and Is Not Likely to Succeed**

1. ***BJ's Python Tool Has A "Non-Metallic Mandrel" As Required by Claims 1 and 30 of the '468 Patent***

BJ does not contest that the first version of the accused Python tool infringes Claims 1 and 30 of the '468 Patent. These claims require, *inter alia*, a non-metallic mandrel or non-metallic slips. BJ admits the first Python tool had a non-metallic mandrel: "When BJ Services began selling the Python bridge plug in July 2001, the mandrel of the Python bridge plug was entirely made of thermoplastic material." BJ's P.I. Brief, Lehr Decl., ¶ 13, B3.

BJ claims the current version of the Python tool avoids infringement of the "non-metallic" mandrel element of Claims 1 and 30 of the '468 Patent because it has added a brass tube within the Python's composite mandrel. However, BJ's witness admits that the mandrel and the tube are separate components of the Python tool: "We found that by leaving the brass tube within the mandrel, various cost savings result. [...] [BJ] found that "leaving the brass sleeve in the mandrel stiffens the mandrel. . ." B4, ¶15. BJ did not alter the design of its original mandrel; it simply included another component in the Python tool by adding a brass "tube" or "sleeve" inside or "within" its original mandrel design. One cannot avoid infringement merely by adding a part if each element recited in the claim is found in the accused device. *Stiftung v. Renishaw PLC*, 945 F.2d 1173, 20 U.S.P.Q.2d 1094 (Fed. Cir. 1991).

2. ***BJ's Python Tool Has A "Slip Means" Being Partially Made of a Non-Metallic Material as Required by Claim 3 of the '540 Patent***

Unlike the other claims at issue, Claim 3 of the '540 Patent does not require that the mandrel of the downhole tool be made of a non-metallic material. BJ's previous responses to Halliburton's Motion raised no argument that BJ does not infringe Claim 3 of the '540 Patent. Recognizing that failure, BJ reversed field and now argues that it does not infringe Claim 3 of

the '540 patent based upon a new selective reading of that claim. Claim 3 of the '540 Patent requires: "slip means disposed on said mandrel for grippingly engaging said well bore when in a set position, said slip means being at least partially made of a non-metallic material." Claim 3 is a dependent claim that incorporates by reference the language of Claims 1 and 2. See 35 U.S.C. § 112, ¶ 4. BJ has not challenged Halliburton's claim construction (for purposes of Halliburton's motions) that "the 'slip means' includes slips, a cone for wedging the slips, and a support structure for the slips on the opposite side of the cone." BJ's P.I. Brief, pp. 12-13 and n. 6.

BJ also does not contest that both versions of the Python tool have a "slip means" according to this claim construction, including slips, cones and slip supports. Further, Halliburton's witness testified that the Python tools have a "slip means": "I observed that BJ's 'Python' tool has two slip assemblies so that, when the tool is in a set position, it can be self-supporting without any tubing string in the well bore. Each of these slip assemblies includes several slips, a cone for wedging the slips, and a support structure for the slips on the opposite side of the slips from the cone." Halliburton's P.I. Brief, McGowen Decl., ¶ 15(d), A103. BJ's witness similarly describes the Python tool: "Once the Python bridge plug is properly positioned in the wellbore, a wireline setting tool (not shown) transmits a force through the upper and lower rings causing the upper and lower slips to move up the tapered surface of the respective cones, thereby expanding radially outward until the slips engage the inner wall of the casing." BJ's P.I. Brief, Lehr Decl., ¶ 11, B3.

BJ admits that the Python's "slip means" is partially non-metallic. Although BJ states that its tool has metallic slips, it admits that other components of the slip assemblies, such as the cones, are non-metallic, *i.e.*, made of composite material. BJ's P.I. Brief, Lehr Decl., ¶ 8, B2.

Revealing a lack of faith in its own previous invalidity arguments, BJ's "sur-reply" contains the brand new argument that Claim 3, despite its literal scope, requires that the slips

themselves (not just any portion of the slip means) must be made of non-metallic material. BJ's Sur-Reply, p. 2. Further ignoring the literal scope and clear meaning of the claim, BJ represents that the interpretation of this language will require a "*Markman* hearing to resolve." BJ's P.I. Sur-Reply Brief, pp. 1- 2.

This Court should afford no more weight and credence to this new argument than BJ gave to its own discarded contentions. Indeed, BJ's new argument blatantly contradicts its earlier position that the Sukup '202 Patent with its "metallic" slips satisfied this portion of Claim 3 of the '540 patent. See BJ's Invalidity Claim chart, B29. (BJ alleged that Sukup showed non-metallic "slip supports and cones.") A court need not interpret claims "conclusively and finally" during a preliminary injunction proceeding. Instead, the scope of the court's claim interpretation may be limited to the interpretation necessary to examine the "probability of infringement." *Dentsply Int'l v. Great White, Inc.*, 132 F. Supp. 2d 310, 315 (M.D. Pa. 2000); *Cargo Protectors, Inc. v. Amer. Lock Co.*, 92 F.Supp.2d 926, 930 (D. Minn. 2000).

Not content with simply contradicting its previous arguments, BJ continues to muddy the waters by vaguely arguing that an irrelevant page of the '468 Patent's¹ prosecution history supports its strained interpretation of Claim 3 of the '540 Patent. Although the reference is unclear, BJ appears to rely upon the statement during the '468 Patent's prosecution that "[i]n view of the amendments to claims 1 and 15², it is believed that these claims are distinguishable over Sukup which does not show such features as non-metallic mandrels or non-metallic slips. . . ." The quotation does not even refer to the "slip means" language, which does not appear in

¹ The '540 Patent is a continuation-in-part of the '468 Patent. A "continuation-in-part" ("CIP") application contains subject matter from a prior application and may also contain additional matter not disclosed in the prior application. *Augustine Med., Inc. v. Gaymar Indus.*, 181 F.3d 1291, 1302, 50 U.S.P.Q.2d 1900, 1908 (Fed. Cir. 1999).

² The referenced claims issued as claims 1 and 13, respectively, of the '468 Patent.

those claims of the '468 Patent. Although BJ's argument is new, it is neither intelligible nor persuasive. To avoid a finding of infringement, BJ now urges a highly-strained, contradictory claim interpretation that is unsupported by the record and contradicts its own witness's statements describing the operation of BJ's Python tool.

Most importantly, BJ's latest claim interpretation contradicts the clear specifications of both the '468 and '540 Patents. The '468 Patent states: "The slip means may comprise a wedge engaging a plurality of slips with a slip support on the opposite side of the slips from the wedge. Any of the mandrel, slips, slip wedges or slip supports may be made of the non-metallic material, such as plastic." Halliburton's P.I. Brief, '468 Patent, Column 3, lines 26-30, A10. The '540 Patent contains similar language. Halliburton's P.I. Brief, '540 Patent, Column 3, lines 29-47, A29.

Statements in the prosecution history must be read in the context of the attempt to distinguish the invention. *Mark I Mktg. Corp. v. R.R. Donnelley & Sons Co.*, 66 F.3d 285, 291, 36 U.S.P.Q.2d 1095 (Fed. Cir. 1995). See also, *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1458, 46 U.S.P.Q.2d 1169, 1175-76 (Fed. Cir. 1998) (en banc) (refusing to limit scope of claim language where prosecution history did not clearly call for a narrower definition). Halliburton's distinguishing arguments were in keeping with the language of issued Claims 1 and 13 of the '468 Patent to which the arguments actually referred, and were in keeping with the specifications of both the '468 Patent and the '540 Patent. See *CVI/Beta Ventures, Inc. v. Tura LP*, 112 F.3d 1146, 1160, 42 U.S.P.Q.2d 1577, 1587 (Fed. Cir. 1997) (in construing claims, the problem the inventor was attempting to solve is a relevant consideration).

1

III. DEFENDANTS ARE NOT LIKELY TO SUCCEED ON THEIR PATENT INVALIDITY DEFENSE

A. Defendants Ignore Halliburton's Overwhelming Evidence of Non-Obviousness and Engage in Improper Analysis

Defendants avoid discussing obviousness in their latest briefs. Defendants ignore Halliburton's powerful objective evidence supporting the validity of the patent claims, including evidence of commercial success, copying, long-felt need, and failed attempts by others. Halliburton's evidence is overwhelming and undisputed.

In previous briefing, Defendants vigorously contended that Halliburton's patent claims are obvious based on hypothetical combinations of various prior art references. In response, Halliburton put forward overwhelming objective evidence of non-obviousness, including the commercial success of Halliburton's inventions. This type of evidence is highly probative of whether Halliburton's claimed invention "subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103(a). "Evidence of secondary considerations may often be the most probative and cogent evidence in the record." *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538, 218 U.S.P.Q. 871, 879 (Fed. Cir. 1983). "It may often establish that an invention appearing to have been obvious in light of the prior art was not." *Arkie Lures Inc. v. Gene Larew Tackle, Inc.*, 119 F.3d 953, 957, 43 U.S.P.Q.2d 1294 (Fed. Cir. 1997).

Now, turning a blind eye to the overwhelming objective evidence that debunks Defendants' obviousness contentions, Defendants concentrate their efforts on "anticipation." Defendants shift their focus to argue that the Baker references "anticipate" Halliburton's patent claims. Unfortunately for Defendants, the cited references do not anticipate Halliburton's claims. Recognizing this flaw in the anticipation claim, Defendants attempt to bootstrap and combine other evidence to argue that the resulting combinations anticipate Halliburton's claims.

At the same time, Defendants protest that evidence of non-obviousness, including commercial success, is irrelevant to whether such hypothetical combinations were or were not obvious at the time the invention was made. To discount Halliburton's non-obviousness evidence, Weatherford argues that "Halliburton has not cited a single authority to show that commercial success is a relevant inquiry for a §102 invalidity analysis." Halliburton's commercial success evidence is irrelevant only if Weatherford and BJ are abandoning their obviousness contentions under § 103 which they have not done. *Cf.*, Weatherford's PI Brief, p. 17.

To succeed on an anticipation claim under 35 U.S.C. § 102, Defendants must show that a *single* prior art reference contains and discloses *all* of the elements of the claimed invention arranged in the same manner as that claim. *Carella v. Starlight Archery & Pro Line Co.*, 804 F.2d 135, 138, 231 U.S.P.Q. 644, 646 (Fed. Cir. 1986); *Panduit Corp. v. Dennison Mfg. Co.*, 774 F.2d 1082, 1101, 227 U.S.P.Q. 337, 350 (Fed. Cir. 1985). Conclusory testimony, such as that the Defendants have submitted, "cannot supplant the requirement of anticipatory disclosure in the prior art reference itself." *Motorola, Inc. v. Interdigital Technology Corp.*, 121 F.3d 1461, 1473, 43 U.S.P.Q.2d 1481, 1490 (Fed. Cir. 1997).

Desperate to avoid Halliburton's overwhelming evidence of non-obviousness, Defendants try to distill the claimed inventions down to a "gist" of the invention and then apply the cited references only to Defendants' alleged "gist." BJ ignores large portions of the claims and attempts to distill the invention down to "the only arguably new features" in the claims. Distillation down to a "gist" or "core" of the invention is a superficial analysis that disregards elements of the claim as a whole. *Bausch & Lomb, Inc. v. Barnes-Hind, Inc.*, 796 F.2d 443, 449, 230 U.S.P.Q. 416 (Fed. Cir. 1986). It is common to find features somewhere in the prior art, but the claimed subject matter as a whole must be evaluated under 35 U.S.C. § 103, not just its individual features. *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 220 U.S.P.Q. 193 (Fed.

Cir. 1983). BJ also improperly uses the teachings from Halliburton's own patents to bolster its obviousness argument. BJ's Sur-Reply, pp. 3-4. The impropriety of using the inventor's patent as an instruction book on how to reconstruct the prior art is well settled. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1 U.S.P.Q.2d 1593 (Fed. Cir. 1987). Defendants must pick apart the claim limitations and focus on the discrete features instead of the whole claim because there is simply no evidence of a single prior art reference that includes all of the claim elements.

B. The Baker References Art are No More Relevant than the Prior Art Originally Considered by the Patent Examiner

The so-called new prior art Defendants rely on provides no additional relevant information than the prior art previously considered by the Patent Examiner during the prosecution of the patents. Defendants make the identical arguments that the Patent Examiner initially raised to reject the application claims. The Examiner withdrew those arguments after the claims were narrowed by the addition of limiting language. BJ presents the Court with the same arguments considered and rejected before the patents were issued. For example, with regard to Claim 1 of the '468 Patent, the Patent Examiner was aware of placing well tools made entirely of non-metallic materials in wells and drilling them out. *See* rejection of claims 78 and 81. In support of its rehashed argument, BJ attaches the Information Disclosure Statement (IDS) for the '468 Patent **BJ 53-61**. Rather than providing any support, the IDS Statement clearly shows that all of Defendants' contentions were before the PTO when it decided to issue the '468 and '540 Patents. *See Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 909 F.2d 1464, 15 U.S.P.Q.2d 1525 (Fed. Cir. 1990) (the burden of showing invalidity is especially difficult when the prior art was before the PTO).

Halliburton attaches the entire record of Patent Office examination **A284-A735**, to complete BJ's selective submission. *See* Fed.R.Evid. 106 (completeness doctrine). As this

record demonstrates, Halliburton's patents underwent long and careful examination in the PTO, during which the application claims of the '468 Patent were rejected and later allowed after they had been narrowed through the addition of limiting language. Specifically, Claim 1 of the '468 Patent was amended to include the limitation of "positioning said downhole tool into locking, sealing engagement with said well bore." BJ would have this Court believe this limitation presents nothing more than a "red herring" that can be discarded on a whim. Of course, claim limitations are integral to the patent not to be conveniently ignored in an attempt to invalidate Halliburton's claims. Defendants' arguments have been discounted and rejected previously by the PTO and the Court should do so as well.

C. The Baker References Do Not Anticipate Halliburton's Patent Claims

1. The Baker References Do Not Anticipate Claim 1 of the '468 Patent

a. The Baker References Relating to "Retrievable" Tools Do Not Disclose the Step of "Positioning Said Downhole Tool Into Locking, Sealing Engagement with Said Well Bore"

Defendants' invalidity arguments based on the Baker Packer disregard the plain language of Halliburton's patent claim. The fatal flaw in Defendants' invalidity argument is the nature and use of the Baker Packer. The Baker packer was a retrievable tool supported on the end of a tubing string and was never "locked" in the well bore like a drillable tool.

BJ dismisses Halliburton's reliance on the "locking sealing" limitation as another "red herring." BJ's Sur-Reply, p. 4. BJ's colorful metaphor fails to account for the Patent Examiner's reliance upon this exact language in allowing the claim. The record shows that the Patent Examiner considered patents (such as the Watson U.S. Patent No. 4,858,687 A677-A681) disclosing well bore processes that comprised "placing" tools with non-metallic mandrels in the well and drilling them out. However, those tools were merely "placed" in the well and not

placed in "locking, sealing" engagement with the well. The Patent Examiner first rejected³ and later allowed Claim 1 only after the positioning step was amended⁴ to be limited to tools which are placed in "locking, sealing" engagement with the well bore.⁵

The record further reveals that the Patent Examiner considered tools such as Watson with composite mandrels that were placed in the wellbore and later drilled out. Accordingly,

³ The language of the Patent Examiner rejection at A371 is instructive:

In Watson the plug set 10 is made of any suitable drillable material such as plastic (col. 2, line 4), and can be drilled out using a PDC drill bit (col. 1, lines 15-28, col. 3, lines 40-41). With regard to claim 3, the plug set 10 will be under compressive loading because of the pressure head of the displacing fluid above the top plug 12. With regard to claims 4, 6 and 18, the plastic body member 16 of the top plug 12 of Watson is considered to meet the broad terms "housings" or "mandrel" recited in these claims.

⁴ Halliburton's comments at A385-A386 accompanying its amendment to the "placing" step to include the "locking, sealing" language A381-A382 were:

Applicants respectfully traverse this rejection for the following reasons.

First of all, while Watson et al. obviously discloses a component which is positioned in a well bore, it does not lockingly engage the well bore at all and does not sealingly engage the well bore in the same sense as the present invention. Claim 1 has been amended to indicate that the downhole tool is placed into "locking, sealing" engagement, and it is therefore believed that this is clearly distinguishable over Watson. Claim 15 has been similarly amended.

⁵ Initially Halliburton submitted claims to drilling out downhole tools with non-metallic mandrels where the positioning step recited "positioning a downhole tool into engagement with a well bore." See original claim 6 at A334. The examiner rejected this claim based on Halliburton's U.S. patent to Watson No. 4,858,687, A371. Watson disclosed a plastic plug that was placed in the well during cementing and later drilled out.

Halliburton's claim 1 of the '468 Patent is not, as Defendants would have the Court believe, a broad sweeping claim to "drilling out" any non-metallic tool placed in the well bore, but only covers drilling out specific kinds of tools placed in locking, sealing engagement with the well bore.

Defendants implicitly urge the Court to ignore the actions of the Patent Examiner when he allowed this claim. Contrary to Defendants' position that a Patent Examiner's actions may be discarded at will as so much refuse, the PTO should be given the "deference that is due to a qualified government agency presumed to have properly done its job." *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359, 220 U.S.P.Q. 763, 770 (Fed. Cir. 1984); *see also, Panduit Corp. v. Dennison Manufacturing Co.*, 774 F.2d 1082, 1096, 227 U.S.P.Q. 337, 346 (Fed. Cir. 1985).

b. The Baker References and Weatherford's Declarations Do Not Show Drilling Out of the Baker Fiberglass Corrosion-Resistant Tension Packer

Defendants torture the terms of the patents-at-issue to try to make their arguments seem more plausible. Defendants twist the plain meaning of the "locked" requirement of Claim 1 to include retrievable tools temporarily suspended in the well on a tubing string. Defendants distort the meaning of "sealing engagement" to include "stuck" tools. Even with these contorted definitions, Defendants could find no witness with personal knowledge who could testify about a well process where a "stuck" Baker fiberglass retrievable tool was "drilled out" of a well.

Mr. Harris, the only witness who claims to have personal knowledge of removing a stuck fiberglass Baker tool, described pushing the Baker tool out of the way to the bottom of the well. The fiberglass Baker tool was never "drilled out" of the well bore as required by the literal language of claim 1 of the '468 Patent. See explanation of "drill out" in Halliburton's PI Brief,

p. 9, and the '468 Patent, Fig. 1, A3, and Col. 5, lines 4-16, A11. See also Burris Decl. ¶ 4, A57 ("The goal of drilling a downhole tool out of the well bore of an oil and gas well is to drill the tool into small bits and chips that can be circulated (flushed) out of the well bore.")

More specifically, Mr. Harris testified regarding the stuck Baker tool as follows:

A. . . . So I said, Bob, what do you want to do? He said, I want to mill over and push it to the bottom. Let's run a mill. Because he knew sand was below it, too, from his -

Q. You're talking about a side cutting mill?

A. No. Just a wash-over shoe. We ran a shoe. He didn't do anything to the well. **We just burned over the packer and pushed it to the bottom.**

Q. Okay. Burned over. What I call a side-cut mill is something that looks like an open-ended tin can with a blade on the bottom of it that you reach over a tool and cut the --

A. That's the same thing.

Q. So what he did was he went down there and cut the -- milled out the packer -- excuse me, the slips were engaged on the side or whatever -- sand or whatever?

A. Well, we burned until it dropped so we don't know.

Q. And then the tool fell on out?

A. Well, we pushed it. It didn't just fall.

Harris Statement, 37: 3-23, W102. Weatherford's latest submission is the Declaration of William Tapp. Mr. Tapp states he personally drilled out "retrievable packers that had become stuck." However, he carefully avoids saying that he ever "drilled out" one of the referenced Baker fiberglass tension packers. Mr. Tapp could not say he personally drilled out one of the Baker fiberglass tension packers because he never did. Defendants contend their evidence⁶ shows that

⁶ The Lehr Declaration, the McKeachnie Declaration and the 1964 Halliburton Sales and Service Catalog.

"retrievable packers would often get stuck in the casing and have to be milled or drilled out." Weatherford's Sur-Reply, pp. 7-8; BJ's Sur-Reply, pp. 4-5⁷. Defendants' mistakenly rely upon their witnesses' sweeping statements about the general state of knowledge in the oil industry to show that Halliburton's claims were anticipated. A witness's conclusory testimony unsupported by documentary evidence "cannot supplant the requirement of anticipatory disclosure in the prior art reference itself." *Motorola, Inc. v. Interdigital Technology Corp.*, 121 F.3d 1461, 1473, 43 U.S.P.Q.2d 1481, 1490 (Fed. Cir. 1997).

Defendants would have the Court believe that Halliburton's method claim covers partial drilling "on" any well tool with a composite mandrel no matter how it is "positioned" in the well. As discussed above, however, the plain language of the "positioning" step of claim 1 of the '468 Patent requires that the tool be placed in "locking, sealing engagement with the well bore" and that the tool be drilled "out of said well bore." A16.

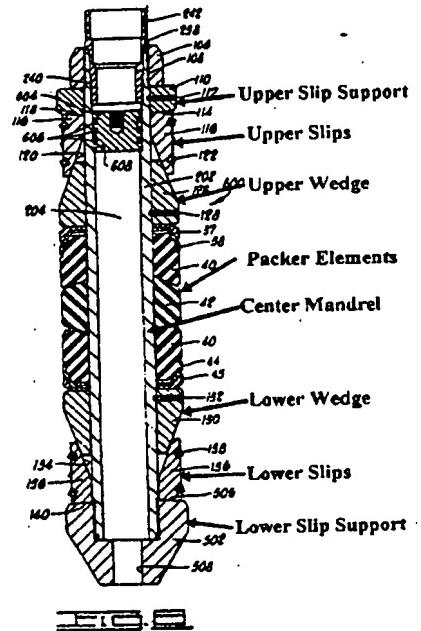
An anticipating reference must describe the patented subject matter with sufficient clarity and detail to establish that the subject matter existed in the prior art and that such existence would be recognized by persons of ordinary skill in the field of the invention. See *In re Spada*, 911 F.2d 705, 708, 15 U.S.P.Q.2d 1655, 1657 (Fed. Cir. 1990); *Diversitech Corp. v. Century Steps, Inc.*, 850 F.2d 675, 678, 7 U.S.P.Q.2d 1315, 1317 (Fed. Cir. 1988). Defendants have not presented the Court with "a single prior art reference" that contains all of the elements of Halliburton's claimed invention. Defendants have instead relied upon arguing to the Court that piece-meal features of Halliburton's inventions existed in the collective consciousness of the oil industry and therefore Halliburton's inventions are invalid. These arguments are insufficient and must be rejected.

⁷ BJ also cites Halliburton's statements to the PTO regarding the Sukup '202 Patent, but the Sukup device was not a retrievable packer.

2. *The Baker References Do Not Anticipate Claim 30 of the '468 Patent or Claim 3 of the '540 Patent – The Fiberglass Baker Tension Packer Does Not Have "Slip Means"*

Defendants want the Court to believe that Halliburton's tool claims (Claim 30 of the '468 Patent and Claim 3 of the '540 Patent) broadly cover any well tool with any kind of slips. This superficial (and incorrect) reading of the patent claims requires the Court to ignore the "slip means" language of the claims.

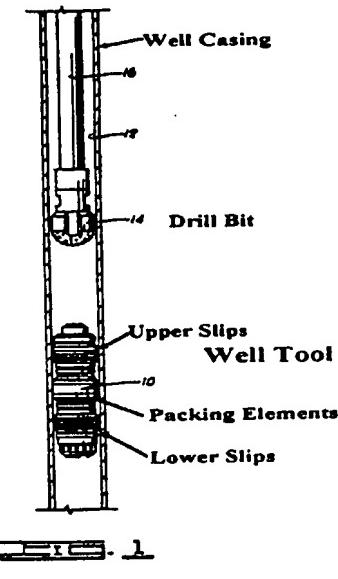
Claim 30 of the '468 Patent and Claim 3 of the '540 Patent each require "slip means disposed on said mandrel for grippingly engaging said well bore when in a set position" A17, A 36. The term "slip means" is a type of short-hand claim limitation which is expressly provided for and defined in the patent statutes. Title 35 U.S.C. § 112, ¶ 6. A means-plus-function limitation ("MPF" limitation) is construed to "cover the corresponding structure . . . described in the specification and equivalents thereof." Section 112, ¶ 6. *See In re Donaldson Co.*, 16 F.3d 1189, 1193, 29 U.S.P.Q.2d 1845 (Fed. Cir. 1994) ("one construing means-plus-function language in a claim must look to the specification and interpret that language in light of the corresponding structure, material, or acts described therein, and equivalents thereof").



5,271,468

Halliburton's patents identify the corresponding structure for this MPF clause: "The slip means may comprise a wedge engaging a plurality of slips with a slip support on the opposite side of the slips from the wedge." A10, '468 Patent, Col. 3, lines 25-27. The patent text and its drawings describe the function and operation of the wedge, slips and slip support.

Thus the "slip means" MPF clause requires more than just a plurality of slips, it requires the presence of at least three separate elements: (1) a plurality of slips, (2) a wedge engaging the slips and (3) "a slip support" located on the opposite side of the slips from the wedge. BJ does not argue that the Baker tool included all of the elements above including a "slip support." Instead, the discussion of the slip support element attempts to divert the Court's attention to the metallic tool Sullaway patent.



5,271,468

The Baker tool cannot anticipate the Halliburton

claims because it does not have the required structure. Clearly, the Baker Packer has no slip support and Defendants have offered no evidence from their witnesses or documents to show otherwise. The Baker tool has a single "Control Slips Assembly" W19 and lacks the required plurality of slips. For these reasons alone the Baker Tool fails to meet or anticipate the MPF clause.

These claims also require that the slip means "grippingly engage the well bore when in a set position." As previously explained at Halliburton's P.I. Brief, p. 9, the patent describes the "set position" as the position when the apparatus 10 is positioned in the well and the setting tool is released from the apparatus. This set position is illustrated in Fig. 1. '468 Patent, Col. 5, lines. 4-16, A11. Halliburton denies that the retrievable Baker tool when connected to and suspended by tubing extending from the well surface is in a "set" position as defined by these claims or even grippingly engages it. Thus, the Control Slip Assembly of the Baker tools do not "grippingly engage a well bore in a set position" as required by these claims.

3. *The Baker References Do Not Anticipate Claim 3 of the '540 Patent for an Additional Reason – The Fiberglass Baker Tension Packer Does Not Have Two “Slip Means”*

With regard to Claim 3 of the '540 Patent, the Baker references do not disclose a downhole tool “wherein said slip means is an upper slip means disposed above said packing means and further comprising a lower slip means disposed below said slip means” The Baker references, relating to a tension-type packer, disclose a single slip assembly with a single set of slips. Defendants have no argument whatsoever that the Baker references anticipate Claim 3 of the '540 Patent. *See* Weatherford’s P.I. Brief, pp. 16-18; BJ’s P.I. Brief, pp. 16-18.

D. The Alleged 2-3/8” Plug Experiments Do Not Invalidate Halliburton’s Patent Claims

Defendants offer uncorroborated, inadmissible hearsay testimony about a test of a 2-3/8” plug in Louisiana in an attempt to show a §102 public use of the claimed prior art. Defendant’s sole support for this “public use” comes from the statements of Weatherford’s retained consultant, Monty Harris A736. Mr. Harris’s statements could be used as a law school exercise for identifying evidentiary deficiencies. Just the various inconsistencies in his declarations and statement would prevent Defendants from ever satisfying their burden of establishing invalidity by clear and convincing evidence. Despite its own culpability in drafting the incomplete and misleading declarations, Weatherford audaciously contends that the inconsistencies in Mr. Harris’s testimony create “substantial fact issues” requiring trial and raise a question of invalidity regarding the patents-in-suit. Weatherford’s Sur-Reply, p. 3.

BJ’s response to Harris’s devastating testimony is to complain about not possessing a “complete copy” of the Harris statement. BJ’s Sur-Reply, p. 3. BJ’s disingenuous argument was made after successfully opposing Halliburton’s Motion to Depose Harris as “unnecessary.”

Furthermore, during the Court's August 12, 2002 conference call, the Court afforded BJ the opportunity to wait to file its sur-reply until after receiving the complete copy, but BJ declined.

1. Harris's Statements Are Not Corroborated

Oral testimony of prior public use must be corroborated in order to invalidate a patent. *Finnegan Corp. v. International Trade Comm'n*, 180 F.3d 1354, 1367, 51 U.S.P.Q.2d 1001 (Fed. Cir. 1999). The need for corroboration exists regardless of whether the party is interested in the outcome of the litigation or is uninterested but is testifying on behalf of an interested party. *Id.*

Defendants claim they are not required at the preliminary injunction stage to provide "corroborated testimony." Weatherford's Sur-Reply, p. 2 n.3; BJ's Sur-Reply, p. 4 n.5. Defendants' contention has no merit. Weatherford cites no authority, and the case cited by BJ, *Sierra Club v. F.D.I.C.*, 992 F.2d 545, 551 (5th Cir. 1993), had nothing to do with the corroboration requirement in patent law. Contrary to Defendants' contention, the corroboration requirement applies at the preliminary injunction stage of the litigation. *Oakley Inc. v. Sunglass Int'l*, 61 U.S.P.Q.2d 1658, 1664-65 (C.D. Cal. 2001). The evidentiary standards may be slightly relaxed at the preliminary injunction stage, but that does not mean that the Federal Rules of Evidence are thrown out of the window.

Weatherford argues that Harris's declaration alone raises a substantial question regarding validity and implies that its complete failure to present the Court with admissible evidence of the alleged public use should be overlooked in light of the "time constraints of a preliminary injunction proceeding." (Weatherford's Sur-Reply, pp. 1-2). Weatherford's claim that it did the best it could is disingenuous. Weatherford knew or should have known since September 2001 when it wrote Mr. Harris's declarations, that Mr. Harris lacked personal knowledge and his

testimony was uncorroborated. No amount of time will help Defendants make Mr. Harris' testimony admissible.

2. *Harris Does Not Have Personal Knowledge of the Alleged "Public Use" of the 2-3/8" Plug*

Weatherford drafted Mr. Harris's declarations⁸ so that the Court would believe that Mr. Harris had personal knowledge of the alleged Louisiana test when he did not. Weatherford intentionally included a statement that Harris had prepared his declaration. Weatherford's Appendix, W12. Weatherford's declaration successfully deceived its co-defendant, BJ, into stating: "Mr. Harris's affidavit (sic) filed in this case shows that he has personal knowledge regarding the placement of a prior art bridge plug in a well located in Louisiana more than one year before the '540 and '468 patent applications were filed." *See* BJ's "Motion to Transfer Venue Under 28 U.S.C. § 1404(a)" filed Aug. 5, 2002, p. 5.

After drafting its own version of Harris's knowledge, Weatherford successfully opposed Halliburton's August 7, 2002 Emergency Motion to Depose Mr. Harris before this Court ruled on Plaintiff's Motions. *See* Order denying Halliburton's motion dated 07/31/02. However, the sworn statement taken by Halliburton establishes that all of Harris's declaration testimony about the Louisiana test was inadmissible hearsay based a phone conversation with another Western Company employee, Mr. Cap Dupont whose knowledge was based on yet another conversation with another Western employee. Harris testified that he does not even know if Mr. Dupont was present at the test:

⁸ Weatherford does not deny that it actually prepared and submitted the Harris declaration which falsely states he prepared it. Harris Statement, 102:9-17, W167. Weatherford will not be able to distance itself from the false and misleading content of the declarations by claiming Harris prepared it.

Q. Okay. So how did you get your field test run?

A. I had a good friend that was a district manager out of Crowley, Louisiana. And remember, I have to keep this quiet. So I asked him, I said, 'look, I need to get a run on this two and three-eighths tool I have,' and told him what it was. And I said 'get one of your salesmen to find us a run in a well where this tool don't have to really do a lot as far as holding differential pressures. And I will give you the plug and you give it away, don't put it on a ticket. If you do, put no charge.' He said 'send me the tool' -- see, he had tool people in his region -- or his district. And I said 'the only thing I want is a phone call.' (Harris Statement, 98:5-18).

Q. Okay. And the report back was that it held the cement?

A. Well, I didn't get a report back and I got real antsy about it. I think I called Cap and I said, 'Have you run the plug?' 'Oh, yeah, we ran it two weeks ago, something like this.' And I said, 'Well, Cap, how did it work?' 'Well, we pulled the top out of it. I mean, that's what my tool man told me.' I said, 'Well, did it hold the cement?' 'Yeah. The customer was satisfied. But he said we pulled the top out of it and he said, you know, about an inch of it and didn't shear the stud.' So it just -- what I did didn't fix it. (Harris Statement, 100:14-25).

Q. And I believe you told me you don't know whether Cap was there, or the salesman was there, or who was at the well site --

A. No. (Harris Statement, 100:5-8).

Q. You don't know who was at the [Louisiana] well site, correct?

A. That is correct. (Harris Statement, 106:22-24).

There is no likelihood that Defendants will ever be able to satisfy their burden at trial of invalidating Halliburton's patent claims based on the alleged Louisiana test of the 2 3/8" plug by clear and convincing corroborated evidence, since Mr. Dupont is deceased and Harris admits no records exist. See Harris Statement, 52:25-53:6, 92:5-7, 96:19-24, 109:20-23; W000117-118, W000157, W000161, W000174. Weatherford's submission of an affidavit it drafted in a manner designed to conceal that it was based on inadmissible hearsay is no evidence and cannot

raise any substantial fact question. To lend credence to these declarations would encourage parties to create and submit this type of “evidence” with impunity.

3. *The 2-3/8" Experimental Work Was Secret and Abandoned*

The Western work was clearly secret and fails to qualify as “prior art.” Secret commercial use by persons other than the inventor does not constitute a statutory bar. *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 U.S.P.Q. 303 (Fed. Cir. 1983). Mr. Harris’s testimony established that the entire Western project was kept secret contrary to the misleading implication created by the Harris declarations. The R&D project at Western was a secret program run by Harris. Harris Statement, 65:7-25, A250. These tools were kept secret even within Western and were not published to the industry. Harris Statement, 66:11-23, A251.

Additionally, the Western R&D work project cannot qualify as prior art because it was an incomplete, abandoned experiment. Mr. Harris did no more work on the project after the test and he did not intend to pursue the project in the future. Harris Statement, 110:2-5, A278, and 112:20-113:9, A280. A prior use under Section 102(a) must be of a complete and operable product or process that is reduced to practice. 1 *Chisum on Patents* § 3.05[2], at 3-80 to 3-82 (2002). An experiment that falls short of reduction to practice and is abandoned is not sufficient. *Id.* In *United States v. Adams*, 383 U.S. 39, 86 S.Ct. 708 (1966) the Court confirmed that “an inoperable invention or one which fails to achieve its intended result does not [anticipate].”

E. The “New” 1928 Fisher ‘266 Patent is No Better Than Art Already Considered by the Examiner at the Patent Office

Weatherford contends that the 1928 Fisher U.S. Patent No. 1,684,266 (“the ‘266 patent”) shows that the industry had “known about the use of non-metallic components, including non-metallic mandrels, in downhole tools to make those tools easily drillable” and that the Fisher Patent anticipates all the claims at issue. First, the Fisher device does not “sealingly engage the

wellbore" as required by Claim 1 of the '468 Patent and Claim 3 of the '540 Patent. Further, Fisher lacks a "slip means" as defined in Claim 3 of the '540 Patent and Claim 30 of the '468 Patent. This tool cannot seal the well bore, has no plurality of slips disposed on the mandrel (metallic slips are on the segments 10), and has no seal member on the mandrel. Although the Fisher patent says it seals the well bore – it does not and is no more than another failed attempt supporting the non-obviousness of Halliburton's inventions.

F. Halliburton's Inventions Were Non-Obvious

Like a musician defending his plagiarism on the basis that all musical notes are old, BJ argues that Halliburton's inventions are invalid because BJ can point to a piece of the invention here and there in the oil industry's collective consciousness. An infringer cannot pick and choose among individual parts of assorted prior art references "as a mosaic to recreate a facsimile of the claimed invention." *Akzo, N.V. v. United States ITC*, 808 F.2d 1471, 1 U.S.P.Q. 2d 1241, 1246 (Fed. Cir. 1986). A combination may be patentable whether composed of elements new, partially new, or all old. *Rosemont, Inc. v. Beckman Instruments, Inc.*, 727 F.2d 1540, 221 U.S.P.Q. 1 (Fed. Cir. 1984). "That all elements of an invention may have been old (the normal situation), or some old and some new, or all new, is however, simply irrelevant. Virtually all inventions are combinations and virtually all are combinations of old elements." *Environmental Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 218 U.S.P.Q. 865, 870 (Fed. Cir. 1983).

A showing of a suggestion, teaching or motivation to combine the prior art references is an "essential evidentiary component of an obviousness holding." See *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1352, 48 U.S.P.Q.2d 1225, 1232 (Fed. Cir. 1998). Defendants have not such a showing here. Nothing in the prior art suggests that combining the Baker references

(even if they were deemed to be prior art) with any other reference would have achieved the claimed inventions. Even Mr. Harris, Defendants' own witness, disregarded the old Baker tension packer in his efforts to develop an all-composite tool at Western because the two tools were "different totally" and "used for different purposes." Harris Statement, 77:11-23, A256.

Defendants argue that Halliburton's earlier U.S. Patent No. 4,151,875 listing Sullaway as the inventor supports its invalidity arguments. Just like the '202 Patent, the Sullaway Patent was considered by the Patent and Trademark Office before allowing the '468 and '540 Patents. Halliburton's P.I. Brief, A2 and A20. Defendants' arguments attempt to "substitute" for the missing "dual slip assemblies" in their alleged prior art references. Invalidity arguments cannot be proven by patchwork prior art and wholesale substitutions. 35 U.S.C. requires analysis of a claimed invention *as a whole*. The test is not whether one device can be an appropriate substitute for another. *See Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1383, 231 U.S.P.Q. 81, 93 (Fed. Cir. 1986) (focusing on the "obviousness" of substitutions and differences instead of on the invention as a whole, is legally improper).

IV. HALLIBURTON HAS SHOWN THAT IT FACES IMMINENT, IRREPARABLE HARM

A. Halliburton Adduced Admissible Evidence of Irreparable Harm

Instead of rebutting Halliburton's evidence of irreparable harm, Weatherford maintains its tact of deny, deny, deny and then claims that Halliburton's statutory right to exclude can be replaced by mere cash. Weatherford's Sur-Reply, pp. 11-12.

Halliburton offered evidence from Mr. Burris and Mr. Ortiz attesting to all the classic indicia of irreparable harm. Weatherford complains that Halliburton waited to submit the Ortiz declaration, but ignores the Burris Declaration which devotes almost four pages to discussing

“Harm to Halliburton and the “FAS Drill” market. Weatherford’s Sur-Reply, p. 12; *see Burris Declaration ¶¶ 24-39 A62-A63:).*

Weatherford complains that the Ortiz Declaration is too “specific.” Weatherford’s Sur-Reply, p. 12. Mr. Ortiz is merely an example of one salesman in one of the regions affected by Defendants’ price-slashing on their infringing products. *See A225-228.* Halliburton could have burdened the Court with many more similar declarations from similarly situated salesman suffering daily from Defendants’ infringement. There is no quantity requirement for a showing of irreparable harm. Mr. Ortiz recounts concrete irreparable harm due to Defendants’ acts. Every day Mr. Ortiz’s customers choose well treatment service providers for their future well services. *Id.* Indeed, since Mr. Ortiz’s declaration was prepared, Halliburton has lost sales (and the resulting customer relationship) that were pending at the time of Ortiz’s declaration.

Weatherford asserts that Halliburton’s evidence “amounts to nothing more than the bald assertion that damages would be inadequate based on loss of market power.” Weatherford’s Sur-Reply, p. 11. In support of its arguments, Weatherford cites *Nutrition 21 v. United States*, 930 F.2d 862, 871, 18 U.S.P.Q. 1351 (Fed. Cir. 1991) a case involving nothing “more than attorney’s argument” and no supporting record. Weatherford also cites *Illinois Tool Works, Inc. v. Grip-Pak, Inc.*, 906 F.2d 679, 15 U.S.P.Q.2d 1307 (Fed. Cir. 1990) which holds that potential lost sales alone could not demonstrate irreparable harm in light of other evidence that the movant had granted a non-exclusive license to a non-party. Both of these cases are inapposite. Here, Halliburton has submitted declarations containing evidence of irreparable harm. Furthermore, neither defendant has produced any evidence of licensing nor even hinted that there is any indication that licensing is likely.

B. Halliburton has Shown Injury to its Market Share and Profitability

Defendants do not dispute that sales of the accused FracGuard and Python products have hurt Halliburton's market share and profitability, or that Halliburton has lost customers and sales to Defendants. *See Schawabel Corp. v. Conair Corp.*, 122 F.Supp.2d 71, 83-84 (D. Mass. 2000). Defendants also do not dispute that their sales are harming Halliburton's sales of collateral products and services.

Weatherford states that it annualized sales of the accused FracGuard product are approximately \$2,000,000 in the Rocky Mountain and Alaska regions alone. Weatherford's P.I. Brief, p. 23 and McKeachnie Decl. P 17, WE31. Halliburton notes that Weatherford has not yet been in the market for a full year and could well increase its market position if allowed to continue the sales of its products. BJ states that it is selling over \$3,000,000 per year of the accused Python tools in the South Texas region alone. BJ's P.I. Brief, p. 22 and Harper Decl. ¶ 23, BJ24. Defendants' sales, price-cutting and acquisition of Halliburton's customer base irreparably harm Halliburton each and every day that the infringement continues. Once an infringing competitor enters the market that market is irretrievably changed. *See Polymer Techs. v. Bridwell*, 103 F.3d 970, 41 U.S.P.Q.2d 1185, 1190 (Fed .Cir. 1996) ("Competitors change the marketplace. Years after infringement has begun, it may be impossible to restore a patentee's . . . exclusive position . . . Customers may have established relationships with infringers. The market is rarely the same . . ."); *see also PPG Indus., Inc. v. Guardian Indus. Corp.*, 75 F.3d 1558, 1566-67, 37 U.S.P.Q.2d 1618, 1625 (Fed. Cir. 1996) (affirming grant of preliminary injunction based, in part, on finding that nonmovant had not rebutted presumption of irreparable harm in light of finding that movant's market position would be threatened in the absence of injunctive relief).

C. Defendant's Unfair Sales Tactics Irreparably Harm Halliburton's Customer Goodwill

Defendants' evidence demonstrates another type of irreparable harm. Both Defendants claim their infringing products are "superior" to Halliburton's (Halliburton strenuously denies Defendants' unfounded claims). Weatherford's PI Brief, pp. 21-22; BJ's PI Brief, pp. 20-21. Weatherford claims it proved that "Weatherford's sales resulted from its superior products and Halliburton's heavy-handed sales tactics." Weatherford's Sur-Reply, p. 12 n.14. Weatherford complains that Halliburton has a pricing "advantage" because it often "packages" the sale of its composite tools with the other services it offers, including fracturing, perforating, and cementing operations, and is able to sell its composite products at reduced prices to get the order for the "package." McKeachnie Decl. ¶10, WE 20-21. Weatherford does not perform cementing or fracturing operations, and only performs perforating operations on a limited basis. *Id.*

These spurious claims of superiority and bullying sales tactics are not simple instances of empty rhetoric or sound and fury signifying nothing. These are the tactics that Defendants' salespeople use every day in degrading Halliburton's customer goodwill and stature in the market. *See 7 Chisum on Patents* § 20.04[1][e][v], at 20-718 to 20-719 (2002) (loss of good will may constitute irreparable harm). Defendants have all but admitted that their sales personnel are making these claims in the marketplace and harming the reputation and good will of Halliburton and its products. *See* McKeachnie Decl. ¶ 13, WE 22-23 ("Any good sales person will ask the customer about a competitor's product and will compare his or her product to the competitor's product.") Defendants do not rely upon these attacks and innuendos just to prevent Halliburton from obtaining relief before this Court, they use similar tactics in the market to denigrate Halliburton and its products while enjoying the very fruit of Halliburton's labors.

D. Halliburton has not Acquiesced to Baker's Infringement

Defendants have contended that Halliburton's "apparent failure" to bring legal action against Baker Hughes' "Quik Drill" composite products undermines Halliburton's claim of irreparable harm. Defendants have also speculated in the alternative that Baker may have a license from Halliburton. Weatherford's P.I. Brief, pp. 21-2; BJ's P.I. Brief, pp. 21-2. Weatherford now claims that Halliburton has "acquiesced" to Baker's "alleged infringement." According to *Drilling Contractor* magazine, Baker introduced its Quik Drill product in March or April, 1999 A738. Weatherford's witness, Mr. McKeachnie, states that Baker did not offer its composite bridge plug for sale in the Rocky Mountain and Alaska Region until "the fall of 2000." McKeachnie Decl. ¶¶ 2, 25 W 24, 33.

Defendants' unsupported speculation is at odds with both the facts and the law. "[T]he fact that other infringers may be in the marketplace does not negate irreparable harm." *Polymer Techs. v. Bridwell*, 103 F.3d 970, 975, 41 U.S.P.Q.2d 1185, 1189 (Fed. Cir. 1996). Further, Halliburton and Baker are parties to an ADR agreement that provides for confidential resolution of patent infringement disputes. Declaration of Albert O. Cornelison, A739-A740. Currently more than one dispute with Baker is (and has been) pending under the ADR agreement, including a dispute with Baker involving the Baker Quik Drill composite tools A739-A740. *Id.*

V. HALLIBURTON DID NOT "UNREASONABLY DELAY" IN REQUESTING PRELIMINARY RELIEF

Weatherford continues to claim that Halliburton's "delay in filing suit" refutes Halliburton's assertion of irreparable harm. Weatherford's Sur-Reply, pp. 14-15. Weatherford has added alleged "improper maneuvering" by Halliburton to its list of complaints. Defendants' "delay" contentions have already been answered by Halliburton and will not be

recapitulated here except to the extent to emphasize Weatherford's own culpability in obstructing a legitimate investigation of its invalidity arguments. See Halliburton's Reply Brief, pp. 29-34.

In light of its own conduct, Weatherford's childish finger-pointing and whining about someone else's "improper maneuvering" or other perceived complaints is unworthy of the Court's attention. Weatherford admits it "withheld Mr. Harris's name from Halliburton." Weatherford's Sur-Reply, p. 14 n.15. Weatherford complains about Halliburton's alleged "manipulative questioning of Mr. Harris" (Weatherford's Sur-Reply, p. 14 n. 15), but Weatherford's real complaint appears to be that Halliburton uncovered its deception in the September 2001 Harris declarations and brought the truth to light.

Weatherford complains that Halliburton unfairly "grant[ed] itself a thirty-day extension of time" and "file[d] its 37-page consolidated reply brief . . . [k]nowing that Defendants have no right to respond" (Weatherford's Sur-Reply, p. 15). Weatherford's complaint is difficult to fathom, since Weatherford has availed itself of the very opportunity it claims Halliburton sought to deny. Weatherford's contentions are frivolous and should be rejected.

VI. CONCLUSION

Halliburton has shown that it has a likelihood of success on both patent infringement and in defending against Defendants' patent invalidity contentions. Halliburton has also shown immediate, irreparable harm, and that the balance of hardships and the public interest favor granting a preliminary injunction. Denying the injunction would reward Defendants for copying another's hard work and encourage other competitors to do the same. Halliburton's Motions for a TRO and Preliminary Injunction should be granted.

Dated: August 27, 2002

CRUTSINGER & BOOTH

John F. Booth, Texas Bar No. 00265000
Todd E. Albanesi, Texas Bar No. 00969162
David L. Joers, Texas Bar No. 10669800
Peter Schroeder, Texas Bar No. 00794606
Renée Skinner, Texas Bar No. 00791673

CRUTSINGER & BOOTH
1601 Elm Street, Suite 1950
Dallas, Texas 75201-4744
(214) 220-0444
Fax (214) 220-0445

Attorneys for Plaintiff
Halliburton Energy Services, Inc.

HALLIBURTON ENERGY SERVICES, INC.